

**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS
SUBCOMMITTEE**

Room 445 State Capitol Building
January 28, 2014

Members Present:

Sen. Wayne A. Harper, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Jacob L. Anderegg, House Vice Chair
Sen. Lyle Hillyard
Sen. David P. Hinkins
Sen. Scott K. Jenkins
Sen. Peter C. Knudson
Sen. Karen Mayne
Sen. Kevin T. Van Tassell
Sen. Evan J. Vickers
Rep. Johnny Anderson
Rep. Kay J. Christofferson
Rep. Janice M. Fisher
Rep. Lynn N. Hemingway
Rep. John Knotwell
Rep. Douglas V. Sagers
Rep. R. Curt Webb
Rep. John R. Westwood

Staff Present:

Mr. Mark Bleazard, Fiscal Manager
Mr. Steven M. Allred, Deputy Director
Mr. Gary K. Ricks, Fiscal Analyst
Ms. Cami Deavila, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Co-Chair Harper called the meeting to order at 2:11 p.m.

2. Subcommittee/Agency Introductions

3. Tutorial: Online Cobi, Budget Documents, and Overview of Committee Operations/Base Budget Week

Steven M. Allred, Deputy Director, Office of the Legislative Fiscal Analyst, presented resources available online for understanding the base budget.

4. Base Budget Bill S.B. 6 and IGG Agencies Discussion and Analysis

a. Department of Technology Services (Including Report and Overview of ISFs)

Mark Van Orden, Executive Director, Department of Technology Services (DTS), gave an overview of DTS goals, responsibilities, rate schedule, AGRC, independent audit results, DTS website dashboard, application availability, customer service, SUCCESS Framework, purchasing IT equipment, online services, data center consolidations, and data security.

Rep. Anderegg asked that the Internal Service Fund (ISF) line item of \$117 million be broken down further, he would like to see the ISF profit and loss sheets, and he asked if the number of allocated Full Time Equivalents (FTE) could be pared down as DTS does not employ all FTE openings that are allocated. Mr. Van Orden is in agreement. Rep. Anderegg asked how retained earnings from the 2009-2012 authorized capital outlay were spent. Dan Frei, Chief Financial Officer, Department of Technology Services responded that compensation packages had not been funded in previous years and the retained earnings were spent to cover those costs for 2013.

Rep. Knotwell, Rep. Hemmingway, and Rep. Fisher asked for clarification on contracted employees. Mr. Van Orden stated it is better to increase numbers with contractors for a short period of time for projects rather than constantly hiring and firing. Often, in order to get the best person for the job it is better to use contracted employees.

Rep. Knotwell asked about depreciation. Mr. Frei and Ken Peterson, Chief Operating Officer, Department of Technology Services, explained the management of cash flow in regards to depreciation.

Rep. Christofferson asked if there were identified areas that could be streamlined. Mr. Peterson explained areas that can still be trimmed of excess costs and helping State agencies leverage technology where it makes sense would trim costs.

Co-chair Harper asked if the yearly savings were actual savings or cost avoidance. Mr. Peterson stated it is difficult to quantify an exact value.

Gary Ricks, Analyst, Office of the Legislative Fiscal Analyst, stated that savings from online services is not always bankable and not unique to DTS. He would like to see the format for ISF's expanded to show what funds can really be captured and returned as savings.

Rep. Anderegg stated the necessity for DTS to have the funds they need, but not tying up more than that, but returning unused funds to be used in other areas.

Sen. Mayne asked if the top people in security are being hired, regardless of cost. Mr. Van Orden and Mr. Peterson stated their agreement and affirmed the best are being hired.

Co-chair Froerer asked about getting the best product for the money and how contracts are handled to ensure sole sourcing is not taking place. Mr. Van Orden replied all contracts are public on the DTS website.

Sen. Hillyard stated the need to find money internally for salaries or other programs.

Mr. Ricks explained S.B. 6 Internal Service Fund line items, CIO appropriated line item, the AGRC line item, and the OMNI link line item.

Mr. Allred spoke about the DTS customer survey results. Mr. Van Orden replied DTS takes the results very seriously and are taking steps for improvement.

Co-chair Harper asked for the most important and the least important functions of DTS. Mr. Van Orden answered securing data is the departments most import function. The function he would like to turn over is UCAN.

b. Department of Administrative Services

Mr. Ricks presented S.B. 6 line item 13 appropriated budget for the Executive Director at \$731,500 and Parental Defense at \$84,500.

Kim Hood, Executive Director, Department of Administrative Services (DAS), presented the DAS values, goals, mission, and vision.

Rich Amon, Executive Deputy Director, DAS, presented the DAS annual report and explained how mandated programs skew the DAS budget.

Rep. Anderegg asked to see a profit and loss statement for DAS and asked about line items for DFCM that show there is a reserve fund on top of a reserve fund. Mr. Amon stated the reserve funds are directed to off-set construction projects that are over or under budget.

Rep. Anderegg, and Sen. Van Tassell encouraged DAS to review fleet operations so there is not an abundance of State owned cars sitting idle. Ms. Hood and Mr. Amon stated fleet operations will be reviewed in 2014.

Rep. Christofferson asked how the State is doing on maintaining existing buildings. Mr. Amon responded there is an auditor currently looking at how State buildings are being maintained, there is a need for a second auditor. Ms. Hood added there is an independent contractor that assesses about 20 percent of State owned buildings a year for infrastructure deficits.

Sen. Mayne asked if there is record of how State cars are used. Mr. Amon stated all agencies use a fleet information system that tracks mileage, and an annual cost efficiency review is completed located on the DAS website.

Mr. Ricks explained the appropriated DAS budget line items in S.B. 6. The 2015 base budget is over \$63.2 million. An increase of \$19 million since 2009 because of the Jail Reimbursement, Land Exchange Distribution, and State Employee Benefits programs that have been added to the DAS budget. Other line items in the DAS budget for review: Administrative Rules, DFCM

Administration, Elected Official Post Retirement Trust Program, Executive Director, Finance Director's Office, Inspector General of Medicaid Services, Judicial Conduct Commission, Post-Conviction Indigent Defense Fund, Purchasing and General Services, Archives Administration, Payroll, Records Analysis, Parental Defense, Payables and Disbursing, Preservation Services, Technical Services, Patron's Services, Financial Reporting, Record's Services, Governor's Residence, Financial Information Systems, and the Energy Program.

Rep. Christofferson asked what areas could be cut, eliminated, better managed, are not needed, or could be moved to other budgets. Ms. Hood stated the Office of State Debt Collection returned \$500,000 and Purchasing and General Services returned \$1 million to the General Fund. Mr. Amon stated the DAS proposal was to use the returned funds internally to focus on the areas of energy and fleet, a one-time \$100,000 allocation to the Post Conviction Indigent Defense Fund, \$150,000 to update records retention methods in Archives, and \$25,000 to Rules. Ms. Hood added DAS understands their budget is a catchall for programs that don't fit anywhere else, the finance mandated programs could be placed elsewhere.

Co-chair Harper asked for the most important and the least important function in DAS. Ms. Hood stated all divisions play an important role in the successful operation of DAS.

5. Adjourn

MOTION: Co-chair Froerer moved to adjourn. The motion passed unanimously.

Co-Chair Harper adjourned the meeting at 5:04 p.m.

Sen. Wayne A. Harper, Co-Chair

Rep. Gage Froerer, Co-Chair